

We supplemented the survey data with loan payment data. Additionally, credit scores were collected at the time of loan origination and again in January 2005 for all active CAP loans at each point in time.

Analysis

Descriptive statistics are included that compare wave-1 and wave-2 results for the panel. Some cross-tabulations are also provided. To improve the skewed distributions of some continuous variables, logarithmic transformations were made. In the attached tables, both the original and the transformed variables are displayed. Variables of interest were examined using Chi-square and T-test statistical tests ($p < .05$). Sample sizes vary in this report because of missing values.

Assessing Sample Bias due to Attrition

To assess potential bias arising from the 30% attrition in respondents between wave 1 and wave 2 surveys, chi-square and t-test comparisons were calculated on demographic characteristics. (Dropouts occurred if someone moved, refused, had a bad phone number, or could otherwise not be contacted. If a CAP loan was paid off, the household was still retained in the sample provided they could be contacted, agreed to participate, and had not moved.)

Table 1 displays row percentage results between the original sample and those respondents who were retained through wave-2 (the panel). For example, 32% of male respondents in the original sample dropped out compared to 28% of female respondents. This difference is statistically significant, though not particularly large.

Race also shows significant differences between dropouts and retainees. Hispanics were less likely to complete a wave-2 interview; however, they still represent over 14% of the panel so they remain well-represented.⁴

Borrowers with higher credit scores at origination (720 or higher) were significantly less likely to drop out (only 24% dropped out). Retention rates were similar between the lower credit score groups and the no credit score group.

Note that there were no significant differences between baseline and follow-up participants in marital status, income, and loan-to-value ratio (LTV). Statistically

⁴ Thirty-eight percent of baseline Hispanic respondents dropped out, compared with 28% to 29% of respondents in other racial/ethnic groups. The Hispanic dropout rate was mostly driven by a higher rate of bad telephone numbers (11% of Hispanics compared with 8% overall) and a higher rate of “no call back” (12% for Hispanics compared with 7% overall), a designation used when all call attempts resulted in no response, although the phone number works. Future data collection efforts will place a higher priority on retaining Hispanic respondents. In an interesting aside, white respondents were the least likely to have bad phone numbers but were the most likely to have moved: 10% of white wave-1 respondents moved compared to 7% of Hispanics and “other,” and only 6% of black respondents. Since moves often result in bad phone numbers, it is possible that there may be some tradeoff between these two. In other words, many move and leave a phone number that is no longer working (which would register as “bad number”). A rigorous tracking system is in place to try to obtain working phone numbers for those without them.